

PART 6-EXHIBIT I

INSURANCE REQUIREMENTS

The insurance sections of this Exhibit I and the Draft Concession contract are presented in a manner that outlines types and levels of insurance that Reclamation will consider as acceptable coverage. Bidder's are not required to obtain insurance at these exact levels and may tailor their packages to meet the reasonable needs of their unique proposal but should be aware that Reclamation intends to review the proposed insurance package and retains the right to direct changes or upgrades if it is felt the planned coverage is inadequate based upon industry norms of satisfactory insurance levels and the parameters of the Reclamation Concessions Manual section on insurance. All direction in regard to indemnification for the United States/Reclamation and the need to provide certificates of insurance and appropriate endorsements are not flexible and must be followed. Bidder's need to outline their anticipated packages especially as it applies to Exhibit I. Bidder's may wish to share this PART 6-ExI with their insurance carriers to assist in structuring the proposed coverage's.

The concessionaire shall obtain and maintain during the entire term of this concession contract, at its sole cost and expense, the types and amounts of insurance coverage as set forth below and necessary to fulfill the obligations of the concession contract.

With the exception of statutory worker's compensation insurance protection, Reclamation shall be named as an additional insured under all insurance policies issued or arranged in support of this agreement. The coverage provided for the benefit of Reclamation is not to be impaired by the concessionaire, its agents, servants, or employees. Reclamation shall, solely for its benefit, be provided an unconditional 30-day advance notice of cancellation, non-renewal, or material change in coverage or policy terms. The term "Reclamation" shall, by definition and where appropriate and legally permissible, also include the term "United States Government/United States of America."

The amounts of insurance and coverage terms indicated are not intended as a limitation of the concessionaire's responsibility or liability under this agreement, but rather an indication as to the minimum amount and minimum scope of insurance that Reclamation considers necessary to allow the operation of the concession facilities at its area. Nevertheless, if the concessionaire purchases insurance in addition to the limits illustrated herein, Reclamation is to receive benefit of the additional amounts of insurance without additional cost to Reclamation.

A. PROPERTY INSURANCE

1. Building(s) and/or Contents Coverage

- a. Insurance shall cover buildings, structures, improvements, betterments, and contents for all concession facilities, as specified below in sub-section A.7 of this exhibit to the concession contract.
- b. Coverage shall apply on an “all risks,” “special coverage,” or “open peril” basis.
- c. The policy shall provide for loss recovery on a replacement cost basis. **[NOTE: This provision can be changed to allow for surplus line, deductible plans, self-assumption, and actual cash value.]** The approved values for the replacement cost of each Structure to be insured are set forth in A.7. Property Replacement Cost for Insurance Purposes, of this exhibit. These values will be updated by Reclamation every 3 years, or more often if there is a substantial change in value.
- d. The amount of insurance should represent no less than 90 percent of the property replacement cost of the insured property.
- e. The coinsurance provision, if any, shall be waived or suspended by an agreed amount or agreed value clause.
- f. Coverage is to be provided on a blanket basis. **[NOTE: This clause may not be appropriate for the concession operation being contracted. This section should be omitted if the coverage will not be provided on a blanket basis.]**
- g. The vacancy restriction, if any, must be eliminated for property that will be vacant beyond any vacancy time period specified in the policy.
- h. **[NOTE: Consider whether appropriate for concession operation; omit if not applicable.]** Flood coverage shall be maintained with a limit of not less than \$ _____. **[NOTE: Insert appropriate limit.]**
- i. **[NOTE: Consider whether appropriate for concession operation; omit if not applicable.]** Earthquake coverage shall be maintained with a limit of not less than \$ _____. **[NOTE: Insert appropriate limit.]**
- j. Ordinance or law coverage shall be maintained with a limit of not less than \$ _____. **[NOTE: Insert appropriate limit.]**

2. Boiler and Machinery Coverage

[NOTE: Consider whether appropriate for concession operation; omit if not applicable.]

- a. Insurance shall apply to all pressure objects within concession facilities.
- b. The policy shall provide for loss recovery on a replacement cost basis.

- c. The amount of insurance should represent no less than 75 percent of the property replacement cost of the insured property.
- d. The coinsurance provision, if any, shall be waived or suspended by an agreed amount or agreed value clause.
- e. Coverage is to be provided on a blanket basis. **[NOTE: This clause may not be appropriate for the concession operation being contracted. This section should be omitted if the coverage will not be provided on a blanket basis.]**
- f. If insurance is written with an insurer other than the building(s) and contents insurer, both the property and boiler insurance policies must be endorsed with a joint loss agreement.
- g. The approved value of each structure shall be stated, and the structure shall be insured for not less than this amount: \$_____. **[NOTE: Insert appropriate limit.]**

3. Builder's Risk Coverage

[NOTE: Consider whether appropriate for concession operation, omit if not applicable.]

- a. Insurance shall cover new buildings or structures under construction at the concession facilities and include coverage for property that has or will become a part of the project while such property is at the project site, at temporary off-site storage, and while in transit. Coverage should also apply to temporary structures such as scaffolding and construction forms.
- b. Coverage shall apply on an "all risks" or a "special coverage" basis.
- c. The policy shall provide for loss recovery on a replacement cost basis.
- d. The amount of insurance should represent no less than 90 percent of the replacement cost value of the insured property.
- e. The coinsurance provision, if any, shall be waived or suspended by an agreed amount or agreed value clause.
- f. Any occupancy restriction must be eliminated.
- g. Any collapse exclusion must be eliminated.
- h. Any exclusion for loss caused by faulty workmanship must be eliminated.
- i. Flood coverage shall be maintained with a limit of not less than \$_____. **[NOTE: Insert appropriate limit.]**

- j. Earthquake coverage shall be maintained with a limit of not less than \$_____. **[NOTE: Insert appropriate limit.]**

4. Business Interruption and/or Extra Expense

Business interruption insurance, if maintained by the concessionaire, should cover the loss of income and continuation of fixed expenses in the event of damage to or loss of concession Facilities. Extra expense insurance shall cover the extra expenses above normal operating expenses to continue operations in the event of damage or loss to covered property.

Note that if an operator determines not to obtain this type of insurance and there is an incident resulting in 'loss of business' and associated revenue Reclamation will not consider any adjustment to franchise fees or other 'terms and conditions' of the contract to modify the impacts of the loss to the concessionaire.

5. Deductibles

[NOTE: The following conditions should be amended based on the needs of the concession operation being contracted.]

Property insurance coverage's described above may be subject to deductibles as follows:

- a. Direct damage deductibles shall not exceed the lesser of 10 percent of the amount of the full replacement value of all buildings or \$25,000 (except flood and earthquake coverage may be subject to deductibles not exceeding \$50,000).
- b. Extra expense deductibles (when coverage is not combined with business interruption) shall not exceed \$25,000.

6. Required Clauses

Loss Payable Clause:

A loss payable clause similar to the following must be added to buildings and contents, boiler and machinery, and builder's risk policies:

In accordance with concession contract No. _____ **[NOTE: Insert concession contract number.]**, dated **[NOTE: Insert date of concession contract.]**, between the United States of America and **[NOTE: Insert name of concessionaire.]**, payment of insurance proceeds resulting from damage to, or loss of, structures insured under this policy is to be disbursed directly to the concessionaire without requiring endorsement by the United States of America.

7. Property Replacement Cost for Insurance Purposes

[NOTE: This section should contain Reclamation-approved property values for each item that the concessionaire must insure. The following is presented as an example and can not be completed until an appraisal is completed and then should be tailored to the actual facilities retained for use into the contract outlined in this prospectus.]

<u>Building(s)</u>	<u>Replacement value</u>
1. Hotel	\$5,000,000
2. Store	\$4,500,000

This list must include every building or structure that the concessionaire will be required to insure.]

B. LIABILITY INSURANCE

At a minimum, the following liability coverage's are to be maintained, all of which are to be written on an occurrence basis only. The concessionaire may attain the limits specified below by means of supplementing the respective coverage(s) with excess or excess "umbrella" liability.

1. Commercial General Liability

- a. Use declarations similar to the following bulleted examples to indicate the coverage required.

[NOTE: Include only those items necessary for the operation.]

- Bodily injury and property damage limit \$_____. [NOTE: Insert appropriate limit.]
- Products/completed operations limit \$_____. [NOTE: Insert appropriate limit.]
- Personal injury and advertising injury limit \$_____. [NOTE: Insert appropriate limit.]
- General aggregate \$_____. [NOTE: Insert appropriate limit.]
- Protection and indemnity (watercraft) \$_____. [NOTE: Insert appropriate limit.]

- Fire damage legal liability “per fire” \$_____. **[NOTE: Insert appropriate limit.]**
- b. The liability coverage’s may not contain the following exclusions or limitations:
- Athletic or sports participants.
 - Products/completed operations.
 - Personal injury or advertising injury.
 - Contractual liability.
 - Explosion, collapse, and underground property damage.
 - Total pollution.
 - Watercraft limitations affecting the use of watercraft in the course of the concessionaire’s operations (unless separate watercraft coverage is maintained).
- c. For all lodging facilities and other indoor facilities where there may be a large concentration of people, the pollution exclusion may be amended so that it does not apply to the smoke, fumes, vapor, or soot from equipment used to heat the building.
- d. If the policy insures more than one location, the general aggregate limit must be amended to apply separately to each location or, at least, separately to the appropriate Reclamation location(s).
- e. Required per-occurrence minimum limits for specific concession activities are set forth below: **[NOTE: The preparer should indicate activities that require minimum per-occurrence liability limits and specify those required limits. The following activities have been included as a sample. The preparer should add to this section any additional activities requiring minimum per-occurrence limits. The preparer should remove any of the following activities that do not apply to the subject concession operation.]**
- Merchandise store. **[NOTE: Insert minimum per-occurrence limit.]**
 - Food service. **[NOTE: Insert minimum per-occurrence limit.]**
 - Motel. **[NOTE: Insert minimum per- occurrence limit.]**
 - Bicycle rental. **[NOTE: Insert minimum per-occurrence limit.]**

[NOTE: The following coverage's, 2. through 5. following, may not be applicable to all concession operations. Any requirements that are not applicable to the concession being contracted should be removed.]

2. Automobile Liability

[NOTE: Omit if not applicable to concession operation.]

Coverage will be provided for bodily injury or property damage arising out of the ownership, maintenance, or use of any auto. (Where there are no owned autos, coverage applicable to hired and non-owned autos shall be maintained.) Each accident limit will be \$_____. **[NOTE: Insert appropriate limit.]**

3. Liquor Liability

[NOTE: Omit if not applicable to concession operation.]

Coverage will be provided for bodily injury or property damage, including damages for care, loss of services, or loss of support arising out of the selling, serving, or furnishing of any alcoholic beverage.

- Each common cause limit \$_____. **[NOTE: Insert appropriate limit.]**
- Aggregate limit \$_____. **[NOTE: Insert appropriate limit.]**

4. Watercraft Liability (or Protection and Indemnity)

[NOTE: Omit if not applicable to concession operation.]

Coverage will be provided for bodily injury or property damage arising out of the use of any watercraft. Each occurrence limit will be \$_____. **[NOTE: Insert appropriate limit.]**

5. Garage Liability

[NOTE: Omit if not applicable to concession operation.]

This coverage is not required, but may be used in place of commercial general liability and auto liability coverages for some operations. Coverage will be provided for bodily injury, property damage, personal or advertising injury liability arising out of garage operations (including products/completed operations and contractual

liability), as well as bodily injury and property damage arising out of the use of automobiles.

- Each accident limits—garage operations \$_____. [NOTE: **Insert appropriate limit.**]
- Auto only \$_____. [NOTE: **Insert appropriate limit.**]
- Other than auto (e.g., watercraft) only \$_____. [NOTE: **Insert appropriate limit.**]
- Personal injury and advertising \$_____. [NOTE: **Insert appropriate limit.**]
- Injury limit \$_____. [NOTE: **Insert appropriate limit.**]
- Fire damage legal liability “per fire” \$_____. [NOTE: **Insert appropriate limit.**]
- Aggregate limit—garage operations \$_____. [NOTE: **Insert appropriate limit.**]
- Other than auto only \$_____. [NOTE: **Insert appropriate limit.**]

The concessionaire should ensure that appropriate coverage exists for:

- Concessionaire-owned vehicles.
- Concessionaire-hired vehicles.
- Other vehicles not owned by the concessionaire.

6. Excess Liability or Excess Umbrella Liability

This coverage is not required, but may be used to supplement any of the above liability coverage policies to arrive at the required minimum limit of liability. If maintained, coverage will be provided for bodily injury, property damage, and personal or advertising injury liability in excess of scheduled underlying insurance. In addition, coverage shall be at least as broad as that provided by underlying insurance policies, and the limits of underlying insurance shall be sufficient to prevent any gap between such minimum limits and the attachment point of the coverage afforded under the excess liability or excess “umbrella” liability policy.

7. Care, Custody, and Control – Legal Liability

Coverage will be provided for damage to property in the care, custody, or control of the concessionaire. Coverage for any one loss will be \$_____. **[NOTE: Insert appropriate limit.]**

8. Environmental Impairment Liability

Coverage will be provided for bodily injury, personal injury, or property damage arising out of pollutants or contaminants (on site or off site).

- Each occurrence or each claim limit \$_____. **[NOTE: Insert appropriate limit.]**
- Aggregate limit \$_____. **[NOTE: Insert appropriate limit.]**

9. Special Provisions for Use of Aggregate Policies

At such time as the aggregate limit of any required policy is (or if it appears that it will be) reduced or exhausted, the concessionaire is required to reinstate such limit or purchase additional coverage limits.

10. Self-Insured Exceptions

Self-insured exceptions on any of the above described liability insurance policies (other than excess “umbrella” liability, if maintained) may not exceed \$5,000. **[NOTE: This condition should be amended or omitted as necessary for the concession operation being contracted. Reclamation retains the right to not approve ‘Self Insurance’ based upon review of the bidder’s proposal and consultation with insurance experts.]**

11. Workers Compensation and Employers’ Liability

Coverage will comply with the statutory requirements of the State of California.

C. CONSTRUCTION PROJECT INSURANCE

Concessionaires entering into contracts with outside contractors for various construction projects, including major renovation projects, capital improvement projects, and additions or new buildings or facilities will be responsible to ensure that all contractors retained for such work maintain an insurance program that adequately covers the construction project.

The insurance maintained by the construction and construction-related contractors shall comply with the insurance requirements stated herein (for commercial general liability, automobile liability, workers’ compensation, and, if professional services are involved,

professional liability). Where appropriate, the interests of the concessionaire and the United States shall be covered in the same fashion as required in the commercial operator insurance requirements. The amounts or limits of the required coverages shall be determined in consultation with Reclamation of the Interior, taking into consideration the scope and size of the project.

D. INSURANCE COMPANY MINIMUM STANDARDS

All insurance companies providing the above described insurance coverages must meet the minimum standards set forth below:

1. All insurers for all coverage's must be rated no lower than A- by the most recent edition of A.M. Best's Key Rating Guide (Best's) Property-Casualty.
2. All insurers for all coverage's must have a Best's financial size category of at least VIII according to the most recent edition of Best's Key Rating Guide (Property-Casualty edition).
3. All insurers must be admitted (licensed) in the State in which the concessionaire is domiciled.

E. CERTIFICATES OF INSURANCE

All certificates of insurance required by this concession contract shall be completed in sufficient detail to allow easy identification of the coverage's, limits, and coverage amendments that are described above. In addition, the insurance companies must be accurately listed along with their 'Best Identification Number'. The name, address, and telephone number of the issuing insurance agent or broker must be clearly shown on the certificate of insurance.

Because of the space limitations of most standard certificates of insurance, it is expected that an addendum will be attached to the appropriate certificate(s) to provide the space needed to show the required information.

In addition to providing certificates of insurance, the concessionaire, upon written request of Reclamation, shall provide Reclamation with a complete copy of any of the insurance policies (or endorsements thereto) required herein to be maintained by the concessionaire.

F. ADDITIONAL NAMED INSURED

All insurance policies carried by the concessionaire will identify Reclamation as an "Additional Named Insured." The insurance company will be directed to notify Reclamation when changes to the policy occur, including cancellations.

G. STATUTORY LIMITS

In the event that a statutorily required limit exceeds a limit required herein, the higher statutorily required limit shall be considered the minimum to be maintained.

Exhibit I Approved Effective: _____

UNITED STATES OF AMERICA

By: _____

Area Manager, Bureau of Reclamation

CONCESSIONAIRE

By: _____

Title: _____

DRAFT